

I certify that the attached is a true and
correct copy of Ap. # 73
was filed of record on March 3 1983
and referred to the committee on

MAR 21 PM 3:40

HOUSE OF REPRESENTATIVES

Insurance
Betty Murray
Chief Clerk of the House

By Andy Lih

FILED MAR 3 1983

J.R. No. 73

A JOINT RESOLUTION

1 proposing a constitutional amendment to permit use of public funds
2 and credit for payment of premiums on certain insurance contracts
3 of mutual insurance companies.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article III, Section 52(a), of the Texas
6 Constitution be amended to read as follows:

7 (a) Except as otherwise provided by this section, the
8 Legislature shall have no power to authorize any county, city, town
9 or other political corporation or subdivision of the State to lend
10 its credit or to grant public money or thing of value in aid of, or
11 to any individual, association or corporation whatsoever, or to
12 become a stockholder in such corporation, association or company.
13 However, this section does not prohibit the use of public funds or
14 credit for the payment of premiums on nonassessable life, health,
15 and accident insurance contracts of a mutual insurance company
16 authorized to do business in this State.

17 SECTION 2. This proposed constitutional amendment shall be
18 submitted to the voters at an election to be held on November 6,
19 1984. The ballot shall be printed to provide for voting for or
20 against the proposition: "The constitutional amendment to permit
21 use of public funds and credit for payment of premiums on certain
22 insurance contracts of mutual insurance companies authorized to do
23 business in Texas."

1983 APR 12 PM 5:50

HOUSE COMMITTEE REPORT

1st Printing

By Smith of Harris

H.J.R. No. 73

A JOINT RESOLUTION

1 proposing a constitutional amendment to permit use of public funds
2 and credit for payment of premiums on certain insurance contracts
3 of mutual insurance companies.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article III, Section 52(a), of the Texas
6 Constitution be amended to read as follows:

7 (a) Except as otherwise provided by this section, the
8 Legislature shall have no power to authorize any county, city, town
9 or other political corporation or subdivision of the State to lend
10 its credit or to grant public money or thing of value in aid of, or
11 to any individual, association or corporation whatsoever, or to
12 become a stockholder in such corporation, association or company.
13 However, this section does not prohibit the use of public funds or
14 credit for the payment of premiums on nonassessable life, health,
15 and accident insurance contracts of a mutual insurance company
16 authorized to do business in this State.

17 SECTION 2. This proposed constitutional amendment shall be
18 submitted to the voters at an election to be held on November 6,
19 1984. The ballot shall be printed to provide for voting for or
20 against the proposition: "The constitutional amendment to permit
21 use of public funds and credit for payment of premiums on certain
22 insurance contracts of mutual insurance companies authorized to do
23 business in Texas."

COMMITTEE REPORT

The Honorable Gib Lewis
Speaker of the House of Representatives

4/5/83
(date)

Sir:

We, your COMMITTEE ON INSURANCE, to whom was referred H.J.R. 73 have had the same under consideration and beg to report back with the recommendation that it (measure)

- (✓) do pass, without amendment.
- () do pass, with amendment(s).
- () do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. () yes (✓) no

An author's fiscal statement was requested. () yes (✓) no

An actuarial analysis was requested. () yes (✓) no

The Committee recommends that this measure be placed on the ~~(House)~~ ~~(Senate)~~ Calendar.

This measure (✓) proposes ~~new law~~ *an amendment to the constitution.*
() amends existing law.

House Sponsor of Senate Measure _____

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Simpson, Ch.			C	
Green, V.C.	✓			
Smith, A., C.B.O.	✓			
Gavin	✓			
Lee, D.				✓
Oliver	✓			
Patrick				✓
Robinson	✓			
Shea	✓			

Total
6 aye
0 nay
1 present, not voting
2 absent

[Signature]
CHAIRMAN
[Signature]
COMMITTEE COORDINATOR

RESOLUTION ANALYSIS

Background Information

Article III, Section 52 (a), of the Texas Constitution prohibits the Legislature from authorizing political subdivisions of the state to lend credit or grant public money to any individual, association, or corporation or to become stockholders in a corporation, association, or company. Since mutual insurance companies provide insurance for the owners of the organization and those owners are the policyholders, political subdivisions are prohibited from purchasing such insurance.

In addition, when the Texas Constitution was written, mutual companies often assessed policyholders for additional premiums. Currently, however, assessments are no longer used by mutual life companies. Attorney General's opinions-- MW-347 and H-1300-- ruled on reciprocal insurance and self-insurance pools for local governments. In both instances, the opinions held that local governments may participate in such programs.

Purpose and Synopsis

H.J.R. 73 proposes a constitutional amendment, to be placed on the November 6, 1984, ballot for voter approval, to permit the use of public funds or credit for paying premiums on nonassessable life and health and accident insurance contracts of mutual insurance companies authorized to do business in Texas. If passed, mutual insurance companies as well as stock companies could bid for life and health group policies of political corporations and subdivisions.

Rulemaking Authority

It is the committee's opinion that this bill does not delegate rulemaking authority to any state officer, agency, department, or institution.

Summary of Committee Action

Public notice was posted in accordance with Rule 4, Section 12 of the Rules of Procedure of the House of Representatives, and a public hearing was held on April 5, 1983.

The following witnesses testified in favor of H.J.R. 73:

C. Dean Davis, Attorney, representing Texas Association of Life Underwriters;

Kenneth Tooley, Executive Vice President of the Texas Association of Life Underwriters, representing the Texas Association of Life Underwriters.

The Chair called for those wishing to testify in opposition and there were none.

The Committee voted to report H.J.R. 73 to the House with the recommendation that it do pass without amendment by a record vote of 6 ayes; 0 nays; 1 present, not voting; and 2 absent.

THIS IS A HOUSE JOINT RESOLUTION PROPOSING A CONSTITUTIONAL AMENDMENT.

A. Smith

HJR 73

Floor Amendment #1

Page 1, line 15, strike the word "and" and insert the word "or"

Page 1, line 15, following the words "accident insurance" insert the words "policies and annuity"

Page 1, line 15, following the word "contracts" strike the word "of" and insert the words "issued by":

ADOPTED

MAY 11 1983

Betty Murray
Chief Clerk
House of Representatives

By Smith of Harris

H.J.R. No. 73

A JOINT RESOLUTION

1 proposing a constitutional amendment to permit use of public funds
2 and credit for payment of premiums on certain insurance contracts
3 of mutual insurance companies.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article III, Section 52(a), of the Texas
6 Constitution be amended to read as follows:

7 (a) Except as otherwise provided by this section, the
8 Legislature shall have no power to authorize any county, city, town
9 or other political corporation or subdivision of the State to lend
10 its credit or to grant public money or thing of value in aid of, or
11 to any individual, association or corporation whatsoever, or to
12 become a stockholder in such corporation, association or company.
13 However, this section does not prohibit the use of public funds or
14 credit for the payment of premiums on nonassessable life, health,
15 and accident insurance contracts of a mutual insurance company
16 authorized to do business in this State.

17 SECTION 2. This proposed constitutional amendment shall be
18 submitted to the voters at an election to be held on November 6,
19 1984. The ballot shall be printed to provide for voting for or
20 against the proposition: "The constitutional amendment to permit
21 use of public funds and credit for payment of premiums on certain
22 insurance contracts of mutual insurance companies authorized to do
23 business in Texas."

1983 MAY 11 PM 3:29
HOUSE OF REPRESENTATIVES

HOUSE ENGROSSMENT

By Smith of Harris

H.J.R. No. 73

A JOINT RESOLUTION

1 proposing a constitutional amendment to permit use of public funds
2 and credit for payment of premiums on certain insurance policies
3 and annuity contracts of mutual insurance companies.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article III, Section 52(a), of the Texas
6 Constitution be amended to read as follows:

7 (a) Except as otherwise provided by this section, the
8 Legislature shall have no power to authorize any county, city, town
9 or other political corporation or subdivision of the State to lend
10 its credit or to grant public money or thing of value in aid of, or
11 to any individual, association or corporation whatsoever, or to
12 become a stockholder in such corporation, association or company.
13 However, this section does not prohibit the use of public funds or
14 credit for the payment of premiums on nonassessable life, health,
15 or accident insurance policies and annuity contracts issued by a
16 mutual insurance company authorized to do business in this State.

17 SECTION 2. This proposed constitutional amendment shall be
18 submitted to the voters at an election to be held on November 6,
19 1984. The ballot shall be printed to provide for voting for or
20 against the proposition: "The constitutional amendment to permit
21 use of public funds and credit for payment of premiums on certain
22 insurance contracts of mutual insurance companies authorized to do
23 business in Texas."

1 By: Smith of Harris (Senate Sponsor - McFarland) H.J.R. No. 73
2 (In the Senate - Received from the House May 12, 1983;
3 May 16, 1983, read first time and referred to Committee on State
4 Affairs; May 19, 1983, reported favorably; May 19, 1983, sent to
5 printer.)

6 A JOINT RESOLUTION

7 proposing a constitutional amendment to permit use of public funds
8 and credit for payment of premiums on certain insurance policies
9 and annuity contracts of mutual insurance companies.

10 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

11 SECTION 1. That Article III, Section 52(a), of the Texas
12 Constitution be amended to read as follows:

13 (a) Except as otherwise provided by this section, the
14 Legislature shall have no power to authorize any county, city, town
15 or other political corporation or subdivision of the State to lend
16 its credit or to grant public money or thing of value in aid of, or
17 to any individual, association or corporation whatsoever, or to
18 become a stockholder in such corporation, association or company.
19 However, this section does not prohibit the use of public funds or
20 credit for the payment of premiums on nonassessable life, health,
21 or accident insurance policies and annuity contracts issued by a
22 mutual insurance company authorized to do business in this State.

23 SECTION 2. This proposed constitutional amendment shall be
24 submitted to the voters at an election to be held on November 6,
25 1984. The ballot shall be printed to provide for voting for or
26 against the proposition: "The constitutional amendment to permit
27 use of public funds and credit for payment of premiums on certain
28 insurance contracts of mutual insurance companies authorized to do
29 business in Texas."

30 * * * * *

31 Austin, Texas
32 May 19, 1983

33 Hon. William P. Hobby
34 President of the Senate

35 Sir:

36 We, your Committee on State Affairs to which was referred H.J.R.
37 No. 73, have had the same under consideration, and I am instructed
38 to report it back to the Senate with the recommendation that it do
39 pass and be printed.

40 Farabee, Chairman

H.J.R. 73 by Smith (McFarland)

Proposing a constitutional amendment to permit use of public funds and credit for payment of premiums on certain insurance contracts of mutual insurance companies.

Background Information:

When the Texas Constitution was written, mutual insurance companies often assessed policyholders for additional premiums, and political subdivisions could not be placed in a position for assessment during the life of the policy. Today assessments are not longer used by mutual life companies.

Problems that the Bill Addresses:

Mutual life companies are not allowed to compete equitably due to this long-standing provision. Their change in operating methodology should now qualify them to do business with political subdivisions on an equal footing with other types of life insurance companies.

How This Bill Will Solve the Problem(s):

The prohibition currently in effect would be removed by this amendment, and mutual life companies would be permitted to compete in the market by bidding on life and health groups. Their entry could generate possible savings for political subdivisions.

Section by Section Analysis:

SECTION 1: Amends Article III, Section 52(a), of the Texas Constitution to allow the use of public funds to pay premiums on insurance contracts with mutual insurance companies authorized to do business in Texas.

SECTION 2: Election Date, November 6, 1984.

Changes in Agency Rulemaking Authority:

None.

F

ENROLLED

H.J.R. No. 73

A JOINT RESOLUTION

proposing a constitutional amendment to permit use of public funds and credit for payment of premiums on certain insurance policies and annuity contracts of mutual insurance companies.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article III, Section 52(a), of the Texas Constitution be amended to read as follows:

(a) Except as otherwise provided by this section, the Legislature shall have no power to authorize any county, city, town or other political corporation or subdivision of the State to lend its credit or to grant public money or thing of value in aid of, or to any individual, association or corporation whatsoever, or to become a stockholder in such corporation, association or company. However, this section does not prohibit the use of public funds or credit for the payment of premiums on nonassessable life, health, or accident insurance policies and annuity contracts issued by a mutual insurance company authorized to do business in this State.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 6, 1984. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment to permit use of public funds and credit for payment of premiums on certain insurance contracts of mutual insurance companies authorized to do business in Texas."

H.J.R. No. 73

President of the Senate

Speaker of the House

I certify that H.J.R. No. 73 was passed by the House on May 11, 1983, by the following vote: Yeas 138, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.J.R. No. 73 was passed by the Senate on May 24, 1983, by the following vote: Yeas 29, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor

RECEIVED: _____

Date

Secretary of State

HOUSE JOINT RESOLUTION

proposing a constitutional amendment to permit use of public funds and credit for payment of premiums on certain insurance contracts of mutual insurance companies.

MAR 3 1983 1. Filed with the Chief Clerk.

MAR 17 1983 2. Read first time and referred to Committee on

APR 5 1983

Insurance
3. Reported favorably (as amended) and sent to Printer at 12:25 pm APR 12 1983
(as substituted)

APR 12 1983

4. Printed and distributed at 5:50 p.m.

APR 13 1983

5. Sent to Committee on Calendars at 12:13 pm

MAY 11 1983

6. Read second time (amended) and (finally) passed ~~to Third Reading~~ by a Record Vote of 138 yeas, 0 nays, 1 present, not voting.

7. Motion to reconsider and table the vote by which H.J.R. _____ was ordered engrossed prevailed (failed) by (Non-Record Vote) (Record Vote of _____ yeas, _____ nays, _____ present, not voting).

8. Read third time (amended) and finally adopted (failed of adoption) by a Record Vote of _____ yeas, _____ nays, _____ present, not voting.

9. Caption ordered amended to conform to body of resolution.

10. Motion to reconsider and table the vote by which H.J.R. _____ was finally adopted prevailed (failed) by a (Non-Record Vote) Record Vote of _____ yeas, _____ nays, and _____ present, not voting).

MAY 11 1983

11. Ordered Engrossed at 1:00 pm

MAY 11 1983

12. Engrossed.

MAY 11 1983

13. Returned to Chief Clerk at 3:30 pm

MAY 12 1983

14. Sent to the Senate.

Bertie Murray
Chief Clerk of the House

MAY 12 1983

15. Received from the House

MAY 16 1983

16. Read, referred to Committee on STATE AFFAIRS

MAY 19 1983

17. Reported favorably

18. Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

19. Ordered not printed.

MAY 24 1983

20. Regular order of business suspended by unanimous consent
(a viva voce vote.) _____ yeas, _____ nays.

21. To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of _____ yeas, _____ nays.

MAY 24 1983

22. Read second time passed to third reading by:
(a viva voce vote.) _____ yeas, _____ nays.

_____ 23. Caption ordered amended to conform to body of bill.

MAY 24 1983

24. Senate and Constitutional 3-Day Rules suspended by vote of 28 yeas,
2 nays to place bill on third reading and final passage.

MAY 24 1983

25. Read third time and passed by

(~~le-viva-voce vote.~~)
(29 yeas, 1 nays.)

OTHER ACTION:

OTHER ACTION:

Betty King

Secretary of the Senate

5-24-83

26. Returned to the House.

MAY 24 1983

27. Received from the Senate (~~with amendments,~~
~~as substituted.~~)

28. House (Concurred) (Refused to Concur) in Senate (Amendments) by a (Non-Record
(Substitute) Vote) (Record Vote of _____ yeas, _____ nays, _____ present,
not voting).

29. Conference Committee Ordered.

30. Conference Committee Report Adopted (Rejected) by a (Non-Record Vote) (Record
Vote of _____ yeas, _____ nays, and _____ present, not voting).

MAY 24 1983

31. Ordered Enrolled at 3:30 pm

HOUSE OF REPRESENTATIVES
1983 MAY 11 PM 3:29

HOUSE OF REPRESENTATIVES
1983 APR 12 PM 5:50